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The Role of M-Commerce in India

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Abstract

In the last decade, there had been rapid growth of wireless technology in India. This growth has changed people to do business in mobile commerce (M-Commerce). Day by day many people are shifting to M-Commerce to attain good and fast transaction into market. M-Commerce become distinguished in Indian people, quickly during last few years. Due to large number of mobile application, growth rate in mobile penetration in India is increasing day by day. The users has intensely increased on mobile phone and consuming bandwidth of internet providers. Although many people have started E-Commerce but still they hesitate to use M-Commerce because of security problems, payment issues and complexity of mobile applications. The ubiquity, reach ability, mobility and flexibility features of M-Commerce have increased the mobile users and mobile internet subscribers in India. M-Commerce is implemented through mobile applications. People are using mobile applications instead of web application for utility bill payment, ticket booking, fund transfer, email and so on. This paper identifies facts about the feasibility of M-Commerce in India today its growth and the Strength and opportunity, weakness and threats lying ahead.

Keywords: M-Commerce, Wireless Network Mobile.

1. Introduction

The M-Commerce stands for Mobile Commerce, was originally taken in 1997 by Kevin Duffey at the launch of the Global Mobile Commerce Forum, to mean "the delivery of electronic commerce/ transaction capabilities directly into the customer's hand, anytime & anywhere, via wireless network technology"[2]. M-Commerce is the buying and selling of goods and services over the internet through wireless technology like as mobile phones and personal digital assistants (PDAs). Day by day many people are transferring to M-Commerce to attain good and fast transaction into market. M-Commerce become distinguished in Indian people, quickly during few years. M-Commerce includes many applications, technology, services and business models.[3]

2-The Mobile Commerce Revolution in India

Most leading Indian E-commerce players have seen mobile contribute to greater than 50-60% of transactions today from under 5% a year ago as smartphone penetration has risen exponentially.

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Figure 1

An article on Medianama in May 2014 described how Snapdeal, the second largest homegrown e-retailer in India behind Flipkart, had seen its mobile sales increase 25 times in one year.This is why all of the multi-billion dollar E-commerce companies in India are betting on an app-only strategy. As the other 900 million people in India who are still not internet users come online for the first time, most of them will be doing so on a mobile device. In the cutthroat world of e-retailing where price is king and switching costs are non-existent, the players know that a mobile app can create a more personalized, higher-touch shopping experience than the mobile web. And they are hoping that by shifting to an app-only strategy now, they will capture a greater share of the massive market opportunity to come.

According to a report released in April by market research firm Zinnov, India's mobile commerce market could balloon to $19 billion by 2019, up 850 percent from its current size of $2 billion. Surging smartphone sales in the world's second most populous country amid a tidal .[4]With the availability of cheap mobile data plans increasing, analysts believe this will help boost internet usage via mobile handsets — and consequently online shopping. To be sure, obstacles that threaten to stymie the growth potential of mobile commerce in India remain aplenty.

In August, the Reserve Bank of India (RBI) announced that it plans to grant licenses to 11 businesses such as U.K. telecommunications group Vodafone and India's Airtel to launch new so-called payments banks, which will allow transfers and deposits up to a limit of 100,000 rupees ($1,532) predominantly via smartphones. Analysts have widely viewed this as a significant shake-up of the country's financial sector. I expect it to grow even faster with demonetisation and entry of new service providers such as Reliance JIO. This in turn will fuel the growth of M-commerce and i envisage that most of the retail commerce will shift to M-commerce in the foreseeable future. Mobile wallets have made it easier to shop. From grocery to cab rides to movie tickets to food deliveries to utility bills, almost anything can be bought and paid via simple mobile apps.

It is noted that mobile wallets have become a key enabler for M-commerce as most people are hesitant to share their bank account details or credit/debit card details due to the fear of sensitive information getting compromised [5].

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The Centres move of demonetisation will augur well for the M-commerce industry in the country and most of the retail commerce will shift to mobile in the near future, says a report. In a country where there are over 930 Mn mobile subscribers against 160 Mn Internet users (Including 86 Mn mobile Internet users) it is quite possible for M-Commerce to become even bigger than E-Commerce, because of the reasons mentioned below :-

i. Affordability of mobile devices

It is no denying fact that mobile devices like cellphones and tablets are far more affordable than desktops and laptops, and an average Indian consumer doesn't have much disposable income in his hand to buy high end devices. Plus, one doesn't even really need expensive smartphones to shop online or make mobile transactions. According to a report by Avendus, there were over 36 Mn smartphone users in India, but over 431 Mn Internet capable mobile devices in use in India as of December 2012, thus forming a strong consumer base for M-Commerce. Moreover, due to their mobility and affordability, even tablets are high in demand in India.

ii. Doing things on the go

Mobile devices give the freedom to do things like shopping, booking tickets, making hotel reservations etc. anytime anywhere. And in India, there is a large young consumer base, who want fast instantaneous processes on the move. One doesn't need to wait to reach home or to a cyber cafe to pay bills or make an urgent purchase online.

iii Mobile Internet connectivity

M-Commerce customers are not bound by limited wired and WiFi Internet connections. In the last 3-4 years, the number of users who access the Internet through a 3G connection has grown to round 22 Mn. Now compare this with the 15 Mn fixed line broadband connections accrued over the last 17 years, there is a notable difference. Even though E-Commerce has spread its roots throughout the country, it still hasn't reached the places where people have no broadband or no computer. M-Commerce could and will change this.

iv. Mobile Payments

Mobile Payments is a new mode of payment as an alternative to traditional methods like cash, cheque credit cards etc. A customer can use a mobile phone to transfer money or to pay for goods and services. A mobile payment could be made by an app, data connection, IVR and even SMS, so anyone who has a bank account can make a transaction. This could aid in reducing cash-dependencies of people, particularly in rural India.

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v. Security

Mobile platforms are still relatively free from viruses and other threats. And even in case of a fraudulent activity, credit tracking by GSM/GPRS/GPS is easy and quick. Thus increasing the credibility, and giving better assurance to the skeptical India population. Also, seldom do people part from their phones, so there are less chances of misuse of login information that may happen on computer systems.

vi. Bridging the gap between E-Commerce and conventional stores

Brick and mortar stores are getting a lot of heat from online stores, which are luring their customers away by offering better product prices and discounts. When a person goes out for shopping, mobile acts as a conduit between the two poles, people compare prices online before buying something. This could be, and is being used by retailers to their benefit by offering location based services, barcode scanning, and push notifications to improve the customer experience of shopping in physical stores.

vii. Greater target audience for advertisements

The problem with online advertising is that people have to be 'online' to view it. Several E-Commerce players in India have come out with TV commercials to advertise their websites. However, mobile is a better platform to do the same.

viii. Low tariffs-High revenue

Mobile data tariffs in India are the cheapest in the world. Unlike PC Internet affordability of 3G connectivity has improved significantly. For instance, Airtel reported its 3G price to be INR 0.25 per MB last month, which is less than the global average of 3 cents or INR 1.89. Such low rates will encourage people to use more of Mobile Internet, and eventually engage into M-Commerce as well.

ix. Government policies

To bridge the digital gap in the country, in September this year, the Indian government had proposed a scheme to spend INR 7860 crore to distribute 2.5 crore mobile phones and 90 lakhs tablets specifically to the rural population. Plus there is another initiative to give tablets to the college students. As mentioned earlier, these devices are more affordable than computers but still serve the primary functions. If these schemes are successfully implemented, then the mobile device user base will further grow and in turn increase the customer base for M-Commerce services.

x. Personalization

In a true sense Personal Computers are not really personal. Desktops and even laptops are shared by multiple people living in the same family or working together in an office.

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However the same isn't true in case of cellphones. Whichever strata of the society a person may belong to, a phone has become an indispensable extension of oneself. People are more comfortable using their phones for various activities, as it gives them a sense of privacy and security, while offering easy usability. Since already there are way more mobiles in India than computers, M-Commerce could gradually grow bigger than E-Commerce.

3 Role of India online M-Commerce companies

Myntra, one of the top fashion E-commerce companies in India, recently shut down its website in a move to become a mobile app-only e-retailer. Most recently, the country's biggest e-commerce player Flipkart unveiled a new mobile website on November 9, which aims to give users an experience close to standalone apps. In a statement released by Snapdeal, it has been revealed that out of 10 orders, 3 are coming in from a mobile phone.[6] 30% of all Snapdeal orders are originating from mobile commerce, and that's a huge chunk. (Figure 2)

4 Role of Banking System in M-commerce

Some banks in India have started providing the mobile banking service to their customers that include State Bank of India (SBI), Union Bank of India (UBI), Punjab National Bank (PNB),

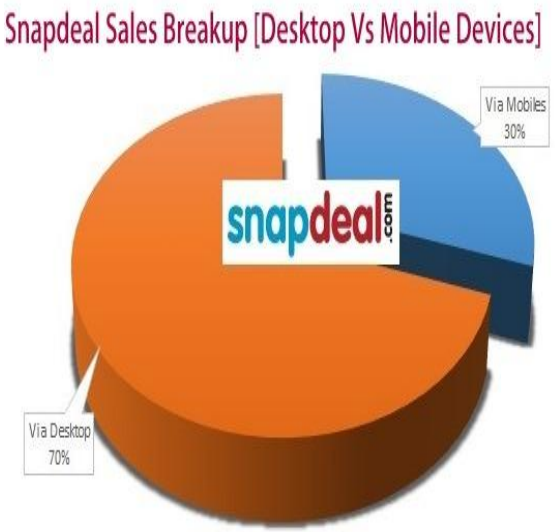

Figure 2

HDFC, ICICI, Axis Bank, etc. Name of the Bank Mobile Banking Services SBI SMS Banking, FreedoM, USSD Union Bank of India SMS Banking, U-Mobile PNB SMS Banking ICICI SMS Banking, i-Mobile , M-PESA, m-Rupee HDFC SMS Banking, App Based, Browser Based AXIS SMS Banking, Phone Banking, Internet Banking on Mob(Figure 3)[7]

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Figure 3 Banks app

5 M-Commerce Issues

Growth of mobile commerce in India is about 2% but we can able to increase this growth level if we take some appropriate steps for making some relevant policies and make factors more favorable for mobile commerce growth [8]. Various types of challenges are faced by M-commerce like: -

- Wireless network coverage
- Security issues
- Technical mismatching among various devices (Wireless)
- Lack of standard etc.
- Slow access speed
- High cost of phones

Conclusion

Despite all the issues, India has great potential for M-Commerce. Most of the online retailer is switching for mobile application only. Indian banking playing vital role to boost up M-Commerce. In addition, India's poor logistics infrastructure creates a challenge for E-retailers to offer quick delivery services, while the lack of stable telecommunications infrastructure across the country could also limit the pace of growth

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